Office-Supreme Court, U.S.
FILED
AUG 27 1968
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, 1968.

No. 285.

THE GENERAL TIRE & RUBBER COMPANY,
Petitioner,

v.

ISOCYANATE PRODUCTS, INC.,
Respondent.

ISOCYANATE PRODUCTS, INC.,
Respondent,

v.

THE GENERAL TIRE & RUBBER COMPANY,
Petitioner.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

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QUESTIONS PRESENTED.

1. Where a patent owner brought suit for infringement against a supplier's customer in North Carolina, and on the following day brought suit for infringement on the same patent in Delaware against the supplier who, on the same day, brought a declaratory action in Delaware against the patent owner, did the Delaware District Court, after permitting the customer to be joined in the Delaware declaratory action and consolidating the declaratory action into the patent owner's infringement suit in Delaware, properly exercise its discretion in enjoining the patent owner from proceeding against the customer in the North Carolina action, thereby preserving economy of judicial effort and avoiding fragmentation of litigation by permitting all of the issues between all of the parties to be tried in a single action in Delaware, a forum of the patent owner's choice?

2. Is there a conflict between the decision of the Court of Appeals for the Third Circuit below (391 F. 2d 936, affirming the decision of the District Court of Delaware given at 270 F. Supp. 868) and the decision of the Court of Appeals for the Seventh Circuit in *Sundstrand Corp. v. American Brake Shoe Co.* (315 F. 2d 273), as to the limits of a Court's discretion and the interpretation of *Kerotest Manufacturing Co. v. C-O-Two Fire Equipment Co.* (342 U. S. 180)?

STATEMENT OF THE CASE.

A. Background.

The petitioner, The General Tire & Rubber Company (hereinafter referred to as "General Tire") correctly points out that the only place where the alleged direct infringement occurs is in North Carolina. General Tire chose to file there against the customer, Murphy Body Works, Inc. (hereinafter referred to as "Murphy"), and to wait one day to file in Delaware against the respondent, the supplier. In the Delaware suit, respondent, Isocyanate Products, Inc. (hereinafter referred to as "I. P. I.") is alleged to be a co-infringer. To succeed against respondent in Delaware, petitioner must prove that a direct infringement of a valid patent occurred and that respondent participated as a co-infringer. *Aro Manufacturing Co. v. Convertible Top Co.*, 365 U. S. 336, 81 S. Ct. 599, 5 L. Ed. 592 (1960). Respondent is a Delaware corporation with its home base in New Castle, Delaware, and it is not a party in the North Carolina action. It does not have a sales office in North Carolina (64a).* Therefore, petitioner must proceed against respondent in Delaware. Further, no one at Murphy is capable of answering questions relating to the chemistry of the components purchased from I. P. I. and used in Murphy's foaming operations, to how these components produce foam or to what the General Tire patent is alleged to disclose and claim (31b—Attachment 2; 32b).

As a result of General Tire's letters to customers of respondent, I. P. I. was forced to indemnify customers in order to hold them. I. P. I. did not take a license under General Tire's patent (U. S. 3,072,582), because it does not believe that the patentee is the "first and original"

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* Parenthetical expressions containing the "a" refer to petitioner's appendix below; "b" refer to respondent's appendix below. The "B" refers to respondent's appendix in its present brief.

inventor, because it has a patent application pending on the subject matter, and because it believes acts of General Tire amount to violation of the Federal anti-trust laws and misuse of the patent. General Tire's offer of a license has been withdrawn.

B. Pre-Litigation Activities.

I. P. I. was and is not obligated by the agreement of September 2, 1965 with Murphy to enter as a party defendant in any action brought against Murphy under the subject patent.

Murphy was fully aware that I. P. I. had its own patent application pending directed to polyurethane foams and understood that it was part of the defense I. P. I. had against the charge of infringement (8b). Murphy also knew from I. P. I.'s president (Smith) that General Tire might make a test case of their Frost patent by suing Murphy (50a).

C. The Litigation.

In its brief General Tire has at several places (e.g., page 6, line 9; page 8, line 18) stated that Murphy was "under control" of I. P. I. This conclusion is not substantiated and, in fact, the record establishes the contrary (12b-16b).

Prior to filing its motion to add Murphy as a party plaintiff in the Delaware action (C. A. 3184), I. P. I. approached Murphy's counsel with the proposal that Murphy so join. Murphy considered this request and notified its attorney, Mr. Rose, that it wanted to join with I. P. I. (21b-23b). Murphy's action was purely voluntary (16b-17b, 52a).

During the argument before the Delaware Court below leading to the subject decision of that Court, the Court

inquired of General Tire's counsel whether General Tire would proceed in Delaware if Murphy were to enter as a party defendant in No. 3183, rather than as a plaintiff in No. 3184:

> "THE COURT: Well, it could either be that or, it seems to me, if what you say is true and they control Murphy, then it seems to me that they could join Murphy as a party defendant. I don't suppose that you would have any objection to that up here?"

General Tire's counsel replied:

> "MR. KELTON: We would have none." (29b)

The Court then inquired of I. P. I.'s counsel whether Murphy would be agreeable to entering as a party defendant in 3183:

> "THE COURT: I am trying to be practical about this and save everybody all the time possible. But what difference does it make whether or not they are made a party plaintiff in the declaratory judgment action or whether they are made a party defendant in the patent infringement action brought by General Tire?
>
> MR. WOODCOCK: We have no objection. In our brief we have said we are not seeking here any priority of discovery.
>
> THE COURT: I can take care of that in either case. Discovery is a matter for me. Usually one side takes discovery and if I don't think it is fair I can say the other side is going to start taking discovery. So that is no problem. So where is there a problem?
>
> MR. WOODCOCK: There is no problem until the end of Mr. Kelton's argument, which is the first time that

we heard that he would be willing to continue in 3183 in Wilmington if Murphy could come in and be made a party." (29b)

While it momentarily appeared that an amicable resolution of this procedural tangle would be available by agreement of the parties, General Tire's counsel reversed his position:

"THE COURT: Well, now, let's just stop here. Mr. Kelton, do you have any objection if these parties agree in 3183 that Murphy Body be brought in as a defendant here?

MR. KELTON: Yes, Your Honor. I think it runs counter to the cases which are cited in our brief. What it amounts to as I can see it, is ousting the court in North Carolina, which is the court in which the senior suit rests, from any ability to act." (29b-30b)

I. P. I.'s counsel then summarized:

"We feel, and, if need be, we move here, that there be one trial; that Murphy come in as a party defendant to 3183; that we have moved that an injunction shall issue against General Tire from concurrently proceeding in North Carolina. That we think is well supported by the facts in the case and the authorities we have given you." (30b)

The Court's opinion (B4) overlooks the above colloquy.[1]

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1. In its opinion the Court inadvertently stated: "For some reason, unfathomable to this Court, Murphy is willing to join as a party plaintiff in the declaratory judgment action, where it would be subject to General Tire's counterclaim for infringement, but is unwilling to join as a party defendant in the infringement action."

Judge Wright's statement that "Judge Larkins is aware of the action being ordered by this Court, and, he voiced no objection" (B8, footnote 8 in respondent's brief) clearly establishes that the Delaware Court, rather than usurp the prerogative of the North Carolina Court, sought its counsel in "unraveling this procedural tangle".

In addition to the events given in "C. The Litigation" in petitioner's brief, it is to be noted that on June 8, 1967 I. P. I. filed its amended complaint in Civil Action 3184 and that on June 19, 1967 Judge Larkins in the North Carolina action, without any application by either party, entered an order closing Civil Action 970 and removing it from the Court's docket until otherwise directed by the Court.

Finally, respondent endeavored to keep the Delaware Court fully informed as to events in and the documents filed in the North Carolina case and vice versa as can be seen from the docket entry sheets in each of the three cases (2b-3b for C. A. 970; 25b-26b for C. A. 3183; 27b-28b for C. A. 3184).

It is also to be noted that concurrent discovery was being effected in both jurisdictions until stopped by the District Courts and that General Tire, a very large corporation, was seeking discovery in one jurisdiction against a small manufacturer (Murphy) and against the very small supplier (I. P. I.) in another jurisdiction, this amounting to harassment in respondent's opinion, especially since all activity could be effected conveniently in the one jurisdiction (Delaware).

D. Chronology of Events.

The pertinent procedural events in the two jurisdictions are given below.

North Carolina

3/30/66. Gen. Tire files C. A. 970 against Murphy for direct patent infringement alleging a conspiracy with I. P. I. (for docket entries please see 2b-3b).

4/18/66. Murphy (*not* under control of I. P. I.) moves to stay C. A. 970 pending determination of the Delaware cases.

5/2/66. Oral argument—Judge Larkins denies motion for indefinite stay but grants a temporary stay until 7/15/66, the order being entered on 5/9/66.

7/13/66. Murphy moves again to stay the 970 action.

Delaware

3/31/66. (A. M.) Gen. Tire files C. A. 3183 against I. P. I. for inducing infringement and contributory infringement.

3/31/66. (P. M.) I. P. I. files C. A. 3184 against Gen. Tire for declaratory judgment of invalidity and non-infringement and alleging acts by Gen. Tire amounting to violations of the Federal Anti-Trust Laws and misuse of the subject patent and harassment by Gen. Tire of I. P. I. and its customers.

5/16/66. Gen. Tire moves to dismiss No. 3184.

6/20/66. I. P. I. moves to dismiss No. 3183, to add Murphy as a party plaintiff in No. 3184, and to enjoin Gen. Tire from prosecuting No. 970.

North Carolina

7/25/66. Murphy files answer and counterclaims.

8/15/66. Gen. Tire replies to counterclaims.

8/22/66. Murphy answers Interrogatories Nos. 1-16 of Gen. Tire filed on 4/12/66.

8/22/66. Gen. Tire files Interrogatories Nos. 17-33.

9/2/66. Murphy objects to Interrogatories Nos. 17-33 of Gen. Tire filed on 8/22/66.

9/2/66. Murphy's memorandum in support of its motion for a stay with Book of Attachments, these being identical to Docket Entries No. 33 and 33A of No. 3183 and Docket Entries 27 and 27A of No. 3184.

6/19/67. Judge Larkin's order closing No. 970 and removing it from Court's docket until otherwise directed by the Court.

Delaware

12/15/66. I. P. I. moves orally during the hearing before Judge Wright to add Murphy as a party defendant in No. 3183.

6/2/67. Judge Wright's subject order.

6/8/67. I. P. I. filed its amended complaint.

6/16/67. Gen. Tire's Appeal.

7/14/67. Judge Wright's written opinion.

REASONS FOR NOT GRANTING THE WRIT.

A. The District Court for the District of Delaware acted well within its discretion, for (a) the appellant has not been damaged or unjustly treated by that Court's decision, (b) three actions are, in effect, consolidated into one action in a jurisdiction initially chosen by appellant, and (c) the appellant is still in the position of plaintiff.

B. The decisions below are in accord with and closely follow this Court's decision in *Kerotest Manufacturing Co. v. C-O-Two Co.*, 342 U. S. 180, 72 S. Ct. 219, 96 L. Ed. 200 (1952).

C. The decision of the Third Circuit is not in conflict with that of the Court of Appeals in the Seventh Circuit in *Sundstrand v. American Brake Shoe Co.*, 315 F. 2d 273 (7th Cir. 1963). No District Court has been ousted of its proper jurisdiction.

D. The decisions below are in accord with other authorities.

ARGUMENT.

The Reasoning Expressed in Its Opinion Reported at 270 F. Supp. 868 (D. Del. 1967) Fully Justifies the Conclusion That the Court's Discretion Was Wisely Exercised.

A. The District Court Acted Well Within Its Discretion.

In its brief (page 18 and elsewhere) General Tire would create the impression that the Delaware Court based its decision solely on judicial economy. In General Tire's words the opinion "relies entirely upon the proposition of 'economy of judicial effort' ". Of course, this is not so. The Court's opinion accurately states that while, "absent other considerations, a plaintiff is at liberty to litigate in the forum of his choice," the stated proposition:

> "becomes an exception more often than a rule in complicated litigations such as the present where there are *other factors*[2] bearing upon the determination of a proper forum which must be considered. *Paramount among these considerations is the economy of judicial effort* which militates against the relitigation of essentially the same issues in different forums.——" (B3)
>
> • • •
>
> "In the present case *the prime consideration* of economy will be best served by consolidating the litigation in Delaware after permitting Murphy to be joined as a party, and forestalling the North Carolina proceedings. All the parties to the dispute are then in Dela-

2. Emphasis in this brief is added unless otherwise indicated.

ware, and the principal antagonists may then fight to a finish.

There are, however, additional considerations which weigh heavily in favor of this course of action." (B6)

The Delaware Court correctly observed:

(a) If the North Carolina litigation were permitted to proceed, it would proceed as to *only four* of the *ten* allegedly infringing systems sold by I. P. I. Therefore, even if General Tire should be successful in North Carolina, and assuming that *res judicata* applied as to I. P. I. (*vis-à-vis* its control of Murphy's defense in North Carolina), there would be *res judicata* as to only four-tenths of the dispute. Judge Wright noted that:

> "Any such dress rehearsal before the main confrontation should be avoided where possible. To paraphrase Judge Clark's remarks in *Telephonics Corp. and Fabrionics Corp. v. Lindly & Co.*, 291 F. 2d 445 (2d Cir. 1961), the North Carolina action *is simply an attempt to litigate in another forum a dispute that is basically between Isocyanate and General Tire.*" (B6)

(b) General Tire's action against Murphy in North Carolina was brought some distance from the manufacturer's (I. P. I.'s) home base. The Court soundly observed:

> "Recent cases recognize that suits against customers in far flung jurisdictions should not be preferred *over a direct confrontation between the principal* parties interested in the outcome of the litigation, regardless of the first filed rule.", citing cases. (B6)

(c) The Delaware Court also noted that:

"... since this is a question of alternative forums, it seems appropriate to note that there is a three-year waiting period for a trial date in the Eastern District of North Carolina which contrasts sharply with *the immediate availability of a trial in this district.*" (B7-B8)

Further, the Delaware Court based its holding on several factors *in addition to* economy of judicial effort, and it also employed an abundance of caution in its exercise of discretion in enjoining General Tire from proceeding against Murphy in North Carolina:

"At this point, in view of the doctrine that injunctions against proceedings in courts of concurrent jurisdiction are not to be lightly undertaken, it seems appropriate to indicate that this Court has discussed these proceedings with Judge Larkins in the Eastern District of North Carolina to secure his views as to the most expedient means of unraveling this procedural tangle. Judge Larkins is aware of the action being ordered by this Court, and, he voiced no objection." (B8)

The Delaware Court rejected as unsound General Tire's narrow contention that the mere fact that General Tire's action against Murphy had been filed one day before General Tire's suit against I. P. I. gave General Tire an absolute right of priority to proceed against Murphy in North Carolina, as well as against I. P. I. in Delaware.

General Tire's brief does not weaken or undermine in any respect the reasoning of the Delaware Court in its proper, and indeed cautious exercise of discretion in unraveling the problems. General Tire's preoccupation with

its unjustified interpretation of the controlling decisions, plus its failure to make any reference whatsoever to how or why General Tire is injured or prejudiced as a result of the order are significant manifestations of the unchallengable soundness of the lower court's decision.

Basically, the sole question for review is whether the Delaware Court abused its discretion in enjoining General Tire from further prosecution of the action in North Carolina against Murphy. General Tire has not advanced substantive reasons for reversing the well-reasoned and logical decision of the Delaware District Court. Rather, General Tire raises a plurality of technical, secondary questions which do not go to the issue: should there be under the circumstances a single action in Delaware, a forum of General Tire's own choice?

The denial of General Tire's motion to dismiss Civil Action No. 3184 and the granting of I. P. I.'s motion to amend its complaint to add Murphy as a party plaintiff among other amendments are interlocutory decisions and are not appealable. These matters are neither basic to nor do they underlie the order of injunction. None of these matters is included in part (a) of 28 U. S. C. Section 1292, and appellant did not seek certification of these interlocutory portions under part (b) of said statute. Hence, they are not appealable. *Caterpillar Tractor Co. v. International Harvester Co.*, 120 F. 2d 82 (3d Cir. 1941); *Wallace Products, Inc. v. Falco Products, Inc.*, 242 F. 2d 958 (3d Cir. 1957); *Railroad Yardmasters of America v. Pennsylvania Railroad Co.*, 224 F. 2d 226 (3d Cir. 1955); *Schering Corporation v. Sun Ray Drug Co.*, 320 F. 2d 72 (3d Cir. 1963); *United States of America v. Ingersoll-Rand Company et al.*, 320 F. 2d 509 (3d Cir. 1963).

B. The Kerotest Case Was Closely Followed.

In *Kerotest,* the Supreme Court endorsed an exercise of discretion of the Court below staying the "first-filed" declaratory judgment suit between the manufacturer (Kerotest) and the patentee (C-O-Two) in favor of a suit in a *more appropriate forum* in which both of these parties and a customer (Acme) had already appeared and which was the only suit in which the entire dispute could be finally determined.

In *Kerotest,* the very first-filed action was the infringement suit against the customer, Acme, in Illinois. The second action was the declaratory judgment suit filed in Delaware in which only Kerotest and C-O-Two were involved. Thereafter, Kerotest, the manufacturer, entered a general appearance as a party defendant in the Illinois suit. This joinder, in effect, was considered by the Delaware Court as a still later filed suit. That Court, 92 F. Supp. 943 (D. Del. 1950), upon application of the manufacturer, enjoined the patent owner, C-O-Two, from proceeding against the manufacturer (but not the customer) under the rigid view that the "first-filed" (*i.e.,* the declaratory judgment action in Delaware) between the patent owner and the manufacturer should continue to the exclusion of the later filed suit (*i.e.,* the joinder of the manufacturer in the Illinois action).[3]

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3. We quote from the decision of the district court, 92 F. Supp. 943, 946-7: "Furthermore, it seems to be well established that the action of making Kerotest a party defendant to the Chicago suit, whether or not that may be correctly called an amendment, does not relate back in time to the institution of the Chicago suit. It has been often held that an "amendment" bringing in new parties as contrasted with one correcting a misnomer of a party already before the court does not relate back in time to the filing of the original suit but is akin to the institution of a new action against the new parties. Indeed the order of the Chicago court, itself, by which Kerotest was made a party to that suit expressly makes such joining as a party effective as of March 24, 1950, which is after the institution of this suit."

On appeal, the Third Circuit Court, correctly noting that the decision below exalted form over substance and ignored the fact that Illinois was the appropriate forum, reversed and permanently stayed the "first-filed" Delaware declaratory judgment action, 88 U. S. P. Q. 335 (3d Cir. 1951).[4]

The Third Circuit Court held at page 337:

> "We cannot agree with the conclusions reached. To the end that our position may be made plain we state again that the two parties to the action at bar are Kerotest and C-O-Two; that the parties to the Chicago suit are C-O-Two and Acme and Kerotest, but that Kerotest did not become a party to the Chicago action until as of March 24, 1950, whereas the instant suit was brought on March 9, 1950. We do not think that the rule of the cited decisions requires the order made by the court below. *The question which must be answered is: in which jurisdiction can the ends of justice be served best?* We stated this in the Westinghouse decision, 130 F. 2d at p. 475 (54 USPQ at 292), pointing out that the real question was not whether 'another suit' had been 'previously' or 'subsequently' begun between the parties but whether the relief sought could be 'more expeditiously and effectively afforded (in the other suit) than in the declaratory proceeding'."

It was this exercise of discretion that was approved by the Supreme Court:

> "Wise judicial administration, giving regard to *conservation of judicial resources and comprehensive disposition of litigation,* does not counsel rigid mechanical

4. A petition for rehearing was granted, and the Court, sitting *en banc,* in an expanded opinion, adhered to the views of the three judges, 189 F. 2d 31 (3d Cir. 1951).

solution of such problems. The factors relevant to wise administration here are equitable in nature. Necessarily, an ample degree of discretion, appropriate for disciplined and experienced judges, must be left to the lower courts. The conclusion which we are asked to upset derives from an extended and careful study of the circumstances of this litigation. Such an estimate has led the Court of Appeals twice to conclude that all interest will be best served by prosecution of the single suit in Illinois. Even if we had more doubts than we do about the analysis made by the Court of Appeals, we would not feel justified in displacing its judgment with ours." (342 U. S. 180, 183-184)

The Delaware Court in the case at bar properly concluded (B5) that "a close reading of the case *(Kerotest)* supports" its position here.

Against the background of *Kerotest,* it would be helpful to restate the essential facts upon which the Delaware Court based its sound and cautious exercise of discretion. They are: that in both forums the patent charged to be infringed is the same; that I. P. I.'s sale of ten systems is alleged to constitute contributory infringement of the Frost patent and that Murphy's use of four of these is alleged to constitute direct infringement of the patent; that I. P. I. has agreed to indemnify Murphy and Murphy has agreed to be joined (and is now joined) as a party in Delaware; that all issues which have been or could be raised in North Carolina have been or could be raised in Delaware; that General Tire chose Delaware as its forum for its controversy with I. P. I. with whom General Tire has its real dispute; and that a trial date in Delaware is available, whereas there is a three-year waiting period for a trial date in North Carolina.

On these facts, General Tire argues narrowly that since it filed its North Carolina action one day before it filed its Delaware action, *Kerotest* should be so strictly and mechanically construed as to give General Tire an absolute right of priority to the North Carolina action even though duplicate litigation results. In *Kerotest* and in decisions preceding it, this Court would not sanction such fragmentation. The Third Circuit Court would not sanction General Tire's present attempt at fragmentation. Only in Delaware can there be a single judgment disposing of this multiple litigation as to all parties. Only in Delaware can duplicate litigation be avoided. Only in Delaware is there immediate availability of a trial date for this controversy. There can be no burden on General Tire by proceeding in Delaware, obviously more convenient than North Carolina to its witnesses and its personnel.[5] It plainly is in the interest of justice to avoid burdening the courts with two trials where one would do, and in the interest of justice to avoid the inconvenience to witnesses of testifying twice as well as the expense of the parties of trying the same issues twice.

C. There Is No Conflict Between the Seventh and the Third Circuits.

General Tire relies heavily on *Sundstrand Corp. v. American Brake Shoe Co.*, 315 F. 2d 273 (7th Cir. 1963) and alleges a conflict between it and the decision below. However, an examination of Sundstrand reveals that the situation there was quite different from that here. Sundstrand involved three actions: the first was a patent infringement suit initiated in Colorado by Brake Shoe against Sundstrand. The second (6/12/62) was brought in

5. General Tire's trial counsel are located in New York City. Its principal offices are in Akron, Ohio.

Maryland by Brake Shoe against two of Sundstrand's customers. The third suit (7/3/62) was a declaratory action filed in Illinois by Sundstrand against Brake Shoe.

The record before the Seventh Circuit Court reveals that on July 20, 1962, Sundstrand moved in Illinois to enjoin Brake Shoe from proceeding in the Maryland customer action. In support of that motion, Sundstrand offered no evidence, filed no affidavits, offered no sworn testimony, nor did it move to add the Maryland defendants as parties to the Illinois action. Furthermore, the record contained nothing showing any indemnity agreement between Sundstrand and the Maryland defendants.

Sundstrand's motion was heard on July 25, 1962. On the same day, upon the condition that the two Maryland corporations appear in the Illinois action, and in total disregard of the Colorado action then pending between Brake Shoe and Sundstrand,[6] the Illinois Court enjoined Brake Shoe *pendente lite* from going forward in Maryland. The Illinois Court's order did not set forth the reasons for its issuance. The Court submitted no opinion or written memorandum in respect to the order, nor were findings of fact and conclusions of law entered.

Against this factual background, the appellate court reviewed *Kerotest* and concluded that the District Court had abused its discretion. Its holding turned on two factors: (1) that a manufacturer sued for patent infringement cannot use the Declaratory Judgments Act in a later-filed suit as a device to sweep the controversy into a forum of his own choosing and (2) that the Illinois Court usurped the prerogative of the Maryland Court.

These factors are not present here. On the contrary, the pertinent facts before the Delaware Court, discussed

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6. As of July 25, 1962, no motion to transfer the Colorado case to Illinois was pending before the Court.

previously, reveal that the Court was plainly correct in granting the relief prayed for by I. P. I. Regardless of I. P. I.'s declaratory action (No. 3184), the Delaware Court had jurisdiction over General Tire by virtue of the infringement action (No. 3183) by General Tire. General Tire is not an involuntary litigant in Delaware. Though General Tire may now prefer to ignore the fact, Delaware is the forum of its choice to litigate its dispute with I. P. I.

I. P. I. agreed to indemnify Murphy, and Murphy not only agreed to join in Delaware, but a formal motion thereon was filed and was considered by the Court below. Also, as noted, rather than usurp the prerogative of the North Carolina Court, the Delaware Court sought its counsel in "unraveling this procedural tangle". The North Carolina Court's order removing the North Carolina action from its docket lists demonstrates its endorsement of the solution reached. Finally, in contrast to the bare record before and the swift decision by the Court in *Sundstrand*, the motions below were decided upon an impressive record consisting of affidavits, answers to interrogatories, and extensive depositions taken by General Tire. Oral argument was had before the Delaware Court on December 15, 1966. Its decision was given on April 19, 1967, and on July 14, 1967, the Court filed an extensive, well-reasoned opinion setting forth fully the basis for its action.

The Appeal Court's comments in *Sundstrand* that its decision would have been the same even if the Colorado suit initially had been filed in Illinois is pure *obiter dictum*. The lower Court in *Sundstrand* was not faced with a motion to add the customer to a forum of the patent owner's choice. It did not seek to obtain the views of the Maryland Court which had jurisdiction over the customers.

D. Other Authorities Support the Decision Below.

Further, the Delaware Court's decision and the Court of Appeal's affirmance of it by the Third Circuit Court of Appeals are in accord with decisions in other circuits. For example, recently in *The General Tire & Rubber Company v. Watkins,* 373 F. 2d 361, 362, 368, 369 (4th Cir. 1967), the Court, in a *per curiam* decision, transferred an earlier-filed suit pending in the District of Maryland to the Northern District of Ohio:

> ". . . to prevent an extravagantly wasteful and useless duplication of the time and effort of the federal courts by the simultaneous trial of the two complex and elaborate cases involving substantially the same factual issues."

General Tire, on December 13, 1960, filed two separate suits in Ohio against the Goodyear Tire & Rubber Company and the United States Rubber Company, charging infringement of its U. S. Patent 2,964,043. On March 30, 1961, Firestone Rubber and McCreary Tire & Rubber Company filed a declaratory judgment suit seeking a declaration of invalidity and non-infringement of said patent. On April 4 and 6, General Tire filed suits in Ohio against Firestone and McCreary for infringement of said patent.[7] Later, General Tire moved to transfer the Maryland action to Ohio. After several attempts to transfer, including a mandamus petition, General Tire, on June 28, 1966, renewed its motion to transfer or, alternatively, to dismiss. On denial of this a second mandamus petition was filed. On that second petition, the Fourth Circuit noted that General Tire, in addition to the usual *forum non con-*

7. By General Tire's own argument at page 12 of its present brief, this was in direct violation of Rule 13(a) of the Federal Rules of Civil Procedure.

veniens arguments, urged bad faith and fraud on the part of Firestone and McCreary. Noting that the lower Court "in a long and meticulous memorandum opinion . . . reviewed the evidence . . . and found with Firestone on all points," the Court, basing its decision on other reasons and after pointing out that certain conditions present earlier no longer existed, held that the lower Court abused its discretion in not permitting the transfer since it overlooked "completely the factor which should have controlled the decision." The Fourth Circuit held:

> "We think the district court erred in its failure to weigh *the impelling need for efficiency in the administration of our courts system against the right of Firestone to continue the trial in a forum which no longer offered to it any convenience over the Ohio forum.* Certainly the simultaneous trial of two suits in different circuits involving a number of identical questions of fact and law could result in a useless waste of judicial time and energy." (page 368)

The Court then cited and analyzed *Kerotest,* noting:

> "The Third Circuit refused to rest its decision upon so artificial a test as the chronology of the suits, but rather considered the test to be 'whether the relief sought can be more expeditiously and effectively afforded (in the other suit) than in the declaratory proceeding.' " (page 368)

The Court then referred to the Second Circuit's decision in *Hammett v. Warner Bros. Pictures, Inc.,* 176 F. 2d 145 (2d Cir. 1949), and observed:

> "Our situation is factually different from both Kerotest and Hammett because the suit which is set to be tried in Ohio in March is against U. S. Rubber and

not Firestone. Presumably General's Ohio suit against Firestone was not consolidated with the suits against Goodyear and U. S. Rubber because the Maryland district court had enjoined General from prosecuting its Ohio suit. This difference necessitates our invoking a different remedy, but the principle to be applied is the same: *maintenance of judicial economy. The prompt transfer of the Maryland suit to Ohio will make it available there for consolidation and trial in March with the suit against U. S. Rubber. In view of the complex and time-consuming nature of patent cases, the advisability of consolidation is obvious.*" (page 369)

In *Squeez-A-Purse Corp. v. Stiller, et al.*, 149 F. Supp. 60, 61 (N. D. Ohio 1957) the Court stated:

"The court in Kerotest stated that it is not to be assumed that the lower courts with permit holders of weak patents to avoid real tests of their patent's validity by successive suits against customers in forums inconvenient to the manufacturer or selected because of greater hospitality to patents. This is not to say that the defendant's patent here involved is a weak one, but only that the tactics used by him are those used by holders of weak patents.

The fact that defendant filed its suit in North Carolina about four or five days before this action was commenced is of no importance under the circumstances of the controversy between the parties." (149 F. Supp. at 61.)

Other cases supporting the holding of the Courts below in this case appear in respondent's brief below.

The sole issue before this Court is whether, against the factual background outlined above, and in the light of the controlling authorities, the District Court properly

exercised its discretion in enjoining General Tire from proceeding with its customer suit against Murphy in North Carolina.

The issuance of the interlocutory injunction by the Delaware Court rests within its sound discretion and may not be interfered with on appeal unless it has been exercised improvidently. *United States v. Ingersoll-Rand Company, supra; Schering Corporation v. Sun Ray Drug Co., supra.*

It is crystal clear from the facts viewed in the light of the foregoing authorities that the Delaware Court was eminently correct in holding that General Tire's infringement action in Delaware (with I. P. I.'s action consolidated therein and Murphy as a party) should proceed, and that the North Carolina action against Murphy should be stayed in order to prevent duplication with its consequent expense and waste of effort both by the parties and by the courts. This holding is not only in accord with the authorities, but is essentially practical and sensible.

The Third Circuit Court summarized its holding in *Kerotest* as follows:

> "In the instant case the whole of the war and all the parties to it are in the Chicago theater and there only can it be fought to a finish as the litigations are now cast. On the other hand, if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason." (page 34)

To this query, General Tire has supplied no answer—and, we submit, there is none.

CONCLUSION.

It is respectfully submitted (a) that the District Court of Delaware acted within its allowable range of discretion; (b) that its reasoning expressed in its subject opinion "fully justifies the conclusion that its discretion was wisely exercised" (A2); and (c) that the Court of Appeals for the Third Circuit was correct in its affirmance of the lower court.

For the reasons given above, it is respectfully submitted that the Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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Dated: August 26, 1968